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# National Beer Wholesalers Convention

Max S. Baucus

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Senator \* or Department\*: **BAUCUS**

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(1) Subject\*: **Economy**

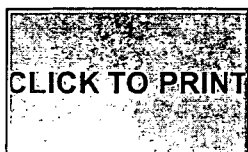
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(2) Subject\* **Address to National Beer Wholesalers Convention**

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# United States Senate

WASHINGTON, DC 20510-2602

## Address to National Beer Wholesalers Convention

Senator Max Baucus

National Beer Wholesalers Association  
Washington, D.C.

April 30, 1996

Thank you, Ed. Good morning, everyone. I'm grateful to Ron Sarasin, Gary Zizka and all of you for inviting me to speak with you. Also, of course, special greetings to Tom Hopgood, Don Brocopp, Kevin Devine and all the rest of you who made it out from Montana today.

It's a pity Bill Watkins couldn't make it out this year. Bill runs Zip Beverages in Missoula. And a couple years ago I put on the uniform and spent a day driving the beer truck for him. We made sixteen stops -- everywhere from local bars like the Oxford and the Depot to the VFW Hall.

It was one of the best days I've had on the job, because -- like Ed's or Don's or Kevin's businesses -- Zip is a great outfit. It's on Shakespeare Street, which is appropriate because Shakespeare was very serious about beer. In fact, his character John Cade says, in *Henry VI, Part II*, that as the third point in his six-point revolutionary program:

"I will make it felony to drink small beer."

For those of you who sell Lite Beer, that idea hasn't made it into any crime bill yet, and you can probably rest easy. But with this Congress you never know what will happen. I didn't expect them to shut the government either. So watch these fellows pretty closely.

In any case, respect for a good beer goes back even further than Shakespeare. According to hieroglyphic records, when the ancient Egyptians buried the Pharaohs, they sent them off with a few dozen jars of beer along with all the gold to guarantee a happy afterlife.

And the same value is placed on a good beer today, even in the most miserable, benighted corners of the world. According to the famous travel writer Bruce Chatwin, an old saying has it that "One of the few moments of happiness in Australia is that moment of meeting a friend's eyes over the tops of two beer glasses."

### AGE OF CHANGE

So whether you represent the brewing or the bottling side of the business, all of you here are in a great tradition.

And that's important -- not only because a good product is a good thing in and of itself. But because in an age of great change, it is more important than ever to preserve the good things.

Our political world is changing. The end of the Cold War means that for the first time in living memory -- since Hitler took power in 1933 -- the United States has no powerful foreign enemy.

Advances in science and medicine bring even more profound change. Life expectancy has risen from under 71 years in 1970 to over 76 today. Our air and water are cleaner than at any time since the Industrial Revolution. From advanced TVs to personal computers, we have luxuries no previous generation ever dreamt of. And, of course, we can prove what most of us already believed. That is, things which are part of a good life -- like beer -- are also good for your health.

But many of these blessings come with a price. With the end of the Cold War came peace and growth in Southeast Asia, Eastern Europe and Latin America. So fewer Americans must risk their lives abroad, and we have new export opportunities. But we also have new competition to go with our old rivals in Canada, Japan and Europe. For proof, just walk into a liquor store. Brands like Tsingtao, Singha and Tecate take up more shelf space every month.

Likewise, as computers and robots replace assembly lines in our factories, productivity rises and we suffer fewer deaths and injuries at work. But many Americans, especially those without college degrees, find it harder to make a living wage.

Even better medicine and longer lives mean higher health costs and more difficulty for young people breaking into the job market.

## TWO CHALLENGES

So we live in an exciting, but also a wrenching time. And it presents us with two big challenges.

One is to make the adjustments we need to keep our country a world leader. Balance the budget, raise the savings rate and reduce interest rates. Improve education so our next generation can qualify for demanding new jobs in high-paying industries. Build the most advanced highways, ports, and telecommunications to raise productivity and make sure our firms prosper.

At the same time, we must preserve the things that make America special. Our basic individual rights and freedoms. Our natural heritage of unspoiled lands, clean air and pure running water. Our commitment to open, democratic government. And an economy with a base in the community businesses that give neighborhoods stability and continuity across the years.

## ROLE OF GOVERNMENT

These are complex questions. And they are at the root of our national debate over the role of government in the past few years.

But we can begin with the fundamentals. And one fundamental principle for any democracy is that people have common sense. They usually do what's right. Government does not need to assume that we won't behave without a lot of forms and rules.

A good example is the annual effort to make highway funds depend on whether a state passes a law on one subject or another. One year it's the national speed limit. Another year bottle and can deposits. Last year it was the open container proposal. It's always well-intentioned, usually unnecessary, and demeaning to people at home. And that's why I've opposed these ideas.

We in Montana took some ribbing when the national speed limit came off, because our daytime speed limit reverted to a "reasonable and prudent" speed. But I've asked a lot of Montana Highway Patrol officers since then, and they say we don't drive any faster than we did before -- although you can take that two ways. Likewise, our Legislature had the common sense to pass our own open container law without any push from Congress.

## BALANCE THE BUDGET IN THE RIGHT WAY

In fact, Congress is in no position to give lessons on common sense. It should clean up its own act first. We should end the destructive and irresponsible practice of closing the government, whether over big policy questions or petty personal issues like airplane seating. And although it's getting late in the year, the leadership and the Administration should still be working to balance the budget in the right way.

I say "the right way" because the budget, like anything else government does, should help ordinary people solve problems and should not create new ones. And the wrong kind of balanced budget can do a lot of damage.

Relying on excise taxes is a case in point. Barring some compelling public interest -- as in the gas tax, which goes to highway construction -- we should avoid taxes which only hit individual industries. One reason I voted against the 1990 budget bill was that it relied so heavily on excise taxes like the one that hiked the beer tax to \$18 a barrel.

While we're on the subject, my guess is that you are safe from any more increases this year. But in the future you have to watch out. The public is angry about the tax code and the IRS. Congress may rewrite the whole code in the coming years. If the proposals for "flat taxes," national consumption taxes and so on turn into real legislation next year, everything is up for grabs.

## PROSPECTS FOR 1996

I don't expect anything so dramatic this year, though. The closer the election approaches the less likely we are to see an agreement on taxes and the budget. But there is still a chance for limited, sensible tax relief that helps us reach our larger goals.

For example, I helped create the 25% health premium deduction for the self-employed back in 1986, and made sure we raised it to 30% last year. I would like to see it up to 100%.

With college costs rising and wages flat, I'd like to create a tax deduction for education expenses.

And we should cut the estate and gift tax on family-owned businesses, to help keep them in the family and the community.

## REGULATORY REFORM

The key is balance, moderation and ideas that work for families and communities. If we put together a sound, reasoned consensus proposal, it will be good for everyone. Congress hasn't been able to do that so far. But at least in the Senate, we have gotten close on regulation.

Again, start with the fundamentals. We need to protect the public health and the quality of life in America. That inevitably takes some regulation. Nobody wants dangerous chemicals in the groundwater, or unsafe meat and vegetables, or condos going up in Yellowstone National Park. But we don't need the barrage of forms and fees and harassment we put up with today, and we don't need to assume that someone's first instinct is to do the wrong thing.

That's what we're trying to fix in our bill. It hasn't got much publicity, maybe because we did it without any finger-pointing or tie-pulling. But we passed a good three-point reform unanimously just a month ago.

First, we make it easier to comply with the laws, by reducing paperwork and making sure agencies write their regulations in English, rather than some newly invented language. Listen to a paragraph the IRS published in March to "explain" how they apply the estate tax to trust properties:

"If property is held in trust, the allocation of GST exemption is made to the entire trust rather than to specific trust assets. If a transfer is a direct skip to a trust, the allocation of GST exemption to the transferred property is also treated as an allocation of GST exemption to the trust for purposes of future GST's with respect to the trust by the same transferor."

I defy you to tell me what that means.

So we make agencies give you guidebooks in clear and simple English, explaining how to comply with new rules. And we require them to answer your questions quickly and completely, or lose their ability to enforce the regulation.

Second, we give small businesses more power to fight unfair regulations, by letting you take agencies to court when they come up with something that makes no sense in your part of the country.

And third, we make agencies more accountable to the people. If they want to write a big new rule -- whether a good one on a serious drinking water contaminant, or a dumb idea like the attempt to ban hikers from using pepper-based bear sprays two years ago -- they should submit it to Congress for review. Then I can take it home to Montana and check whether people think it makes sense.

### THE MOST IMPORTANT THINGS

All this talk of taxes and regulation, of course, has to do with government. And government is important, whether we're talking about providing essential services in the most efficient manner or cutting back the things we don't need.

But it is not all-important. Too often, and most of all in election years, candidates tend to overemphasize what government can do for good or for ill. They claim all the credit for what is going right, and blame the other fellow for everything that is going wrong.

In reality, that's pretty far from the truth. The most important things -- raising families, running firms, developing new inventions -- are done not by Congress or government agencies, but by individuals.

And as we reflect on the broader challenges our country faces -- whether it is educating our citizens for a new economy, or preserving the democracy and community spirit that has always made America special -- we understand that the actions of ordinary people will guarantee our success.

### CONCLUSION

One of today's most admired world leaders is Vaclav Havel, the President of the Czech Republic. In the 1970s, the communist government of the time barred him from working as a playwright because of his dissident political views. So he spent a year working at the Eastern Bohemia Brewery.

There he came to admire his boss, an experienced brewer who insisted on hard work and a quality product. And he developed his view that a nation succeeds not because of government policies of one sort or another, but because it has people like that brewer:

"hard-working people who simply refuse to give up and try constantly to do the best they can."

That is our strength in this country. And it is precisely what people like Ed Brandt, Don Brocopp, Kevin Devine and all of you bring to your jobs.

The commitment to a community business.

The determination to provide a good product.

The faith that hard work and sacrifice bring rewards.

I know, from days like the one I spent on the Zip Beverage truck in Missoula, that these values are alive and well. And because of that, whatever the problems and challenges we face, our country will come through them very well indeed.

Thank you all very much.